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IN THE

Supreme Court of the United States

OCTOBER TERM—1954

No. 664

DARSYN LABORATORIES, INC.,

Petitioner,

vs.

LENOX LABORATORIES, INC., GAMMA CHEMICAL CORP., IRVING BIBER, BENJAMIN PECHERER, JOHN ROBSON, J. ROBERT FISHER and WILLIAM GERLACH,

Respondents.

On Petition for Writ of Certiorari to the United States Court of Appeals for the Third Circuit

BRIEF OF RESPONDENT, IRVING BIBER, IN OPPOSITION TO PETITION FOR WRIT OF CERTIORARI

MAX MEHLER,
Attorney for Respondent Irving Biber,
744 Broad Street,
Newark 2, New Jersey.

Adams Press Corp., 11 Commerce Street, Newark, N. J.—Market 3-8611

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Statement of the Case

This is a civil action by the petitioner which alleges two separate and distinct claims or causes of action. The first charges that the defendant Gamma Chemical Corp. (herein called Gamma) infringes the petitioner's patent (P5a, par. 12, II).[1] The second charges that all of the defendants have violated trade secrets of the petitioner and hence are guilty of unfair competition (P5a, par. 12, V).

[1] "P" references are to the petitioner's appendix in the court below.

The petitioner and all of the respondents who were served with process are citizens of New Jersey (P2a).[2]

The petitioner was formed in March 1946 with the respondent Biber as president (P60a). Biber sold his stock and severed his relationship with the petitioner on December 2, 1946 (P87a; D125b; D126b).[3]

Early in 1948 Biber and others formed Lenox Laboratories, Inc. which thereafter manufactured 8-hydroxyquinoline by means of a process which was not disclosed by the evidence.[4] In October 1949 Lenox sold all of its assets and processes to other respondents (Exh. P-7, P201a) who in turn formed Gamma. The petitioner's patent was issued on November 29, 1949 (P198a). It is undisputed that before that date Lenox was out of business and Biber had ceased to have any further connection with the manufacture or sale of 8-hydroxyquinoline.

Jurisdiction of the Supreme Court

The petitioner says that this Court has jurisdiction of or should entertain the present case because (1) the decision below conflicts with the decisions of the courts of appeals of three other circuits and (2) a question is presented which has not been but should be settled by this Court. The petition and argument do not bear out these contentions. The supposed conflicts have nothing to do with the issue between the petitioner and Biber. The ques-

[2] Only the defendant Fisher, who was not served, is not a resident of New Jersey.

[3] "D" references are to the respondents' appendix in the court below.

[4] The petition herein states that in a deposition the respondent Robson said that the Lenox and Gamma processes were substantially identical (Pet. 8). But Robson's deposition was not offered in evidence and was therefore not considered by the Courts below (D203b to D207b).

tion involved between the petitioner and Biber has long been settled by this Court. We therefore submit that there are no reasons why the decision in favor of Biber should be reviewed by this Court.

Questions Presented

Of the six questions presented in the petition, we believe that only Question No. 5 involves the respondent Biber. Even that question lacks merit because it is predicated on a factual contention which the lower courts decided against the petitioner.

ARGUMENT[5]

POINT I

The decision of the court below that the District Court lacked jurisdiction over the cause of action asserted against Biber rests on decisions of this Court and is not in conflict with the decisions of other courts of appeals.

There is no diversity of citizenship between the petitioner and Biber. He is not charged with patent infringement. The claim that the district court had jurisdiction of the cause of action asserted against him is based solely on 28 U. S. C. A. 1338(b) which grants to a district court jurisdiction "of any civil action asserting a claim of unfair competition when joined with a substantial and related claim under the copyright, patent or trademark laws".

Paragraph (b) enacted as statutory authority the rule established in *Hurn* v. *Oursler,* 289 U. S. 238, 77 L. Ed.

[5] Pursuant to Rule 40, Par. 3 of the Rules of this Court, the items set forth as (a) and (c) of paragraph 1 of that Rule are omitted from this brief.

1148 (1933) and reflects the doctrine of that case. See Revisor's note to 28 U. S. C. A., 1338; *Kaplan* v. *Helenhart Novelty Corporation*, 2 Cir., 182 Fed. 2d 311, 312 (1950). In the *Hurn* case the amended complaint set forth acts alleged to be in violation of two distinct rights, namely, the right to the protection of a copyrighted play and the right to the protection of an uncopyrighted play. There were, therefore, averments of two separate and distinct causes of action, one arising under the laws of the United States and the other under the general law. In concluding that the federal court had no jurisdiction of the cause of action involving the uncopyrighted version of the play, this Court made the following distinction which is appropriate to the instant case (289 U. S. at p. 246):

> "The distinction to be observed is between a case where two distinct grounds in support of a single cause of action are alleged, one only of which presents a federal question, and a case where two separate and distinct causes of action are alleged, one only of which is federal in character. In the former, where the federal question averred is not plainly wanting in substance, the federal court, even though the federal ground be not established, may nevertheless retain and dispose of the case upon the non-federal *ground;* in the latter it may not do so upon the non-federal *cause of action.*"

Since *Hurn* v. *Oursler*, the courts have consistently held, no matter in what manner the issue has been presented, that unless the federal claim and the non-federal claim of unfair competition rest upon substantially identical facts, there is no jurisdiction over the latter. They have likewise held that a claim of unfair competition is not "related" to a claim under the patent or trademark laws unless both causes of action rest upon substantially identical facts, and that when different rights rest upon different facts essen-

tial to their establishment, the court has no jurisdiction over the non-federal cause of action. *French Renovating Co.* v. *Ray Renovating Co.*, 6 Cir., 170 Fed. 2d 945 (1948); *Landstrom* v. *Thorpe*, 8 Cir., 189 Fed. 2d 46 (1951), cert. den. 342 U. S. 819, 96 L. Ed. 620; *Algren Watch Findings Co., Inc.* v. *Kalinsky*, 2 Cir., 197 Fed. 2d 69 (1952); *Telechron, Inc.* v. *Parissi*, 2 Cir., 197 Fed. 2d 757 (1952); *Rockwell Mfg. Co.* v. *Evans Enterprises, Inc.*, 95 Fed. Supp. 431 (W. D. N. Y., 1950).

The petitioner relies completely on *Franke* v. *Wiltschek*, 2 Cir., 209 Fed. 2d 493 (1953). That case is not applicable. It involved only the misappropriation of trade secrets. 28 U. S. C. A. 1338(b) was not implicated. The court said (at page 494) that "Our jurisdiction rests upon diversity of citizenship, 28 U. S. C. A., Section 1332 * * *." In the case at bar there is no such diversity.

It is undisputed that Biber's connection with the manufacture and sale of 8-hydroxyquinoline ended sometime before the petitioner's patent issued and was never resumed. The cause of action asserted against him therefore rests upon acts allegedly performed by him prior to the issuance of the patent. The charges against him arise under general and not patent law.

Under the statute and the doctrine of the *Hurn, French Renovating* and *Landstrom* cases a federal court lacks jurisdiction of an unfair competition claim unless it rests upon substantially identical facts with the federal claim. The claim against Biber is for acts allegedly performed by him prior to the date of the issuance of the petitioner's patent. It is in no wise related to a claim based upon a federally protected right for the petitioner had no such right before the patent issued. See *Stark Brothers Nurseries* v. *Stark*, 255 U. S. 50, 65 L. Ed. 496 (1921). It is based solely on charges which are not related to the patented process and stems from acts, alleged agreements and a relationship which preceded the issuance of the patent.

The petitioner alleged a conspiracy between all of the respondents to appropriate its trade secrets and on this contention endeavored to persuade the district court to assume jurisdiction. That court found, after considering the testimony, that the evidence did not support the charge of conspiracy (P245a). The petitioner did not argue in the court below nor does it here claim that this finding is not supported by the evidence. Since Question No. 5 presented in the petition is predicated on an assumption that a conspiracy existed, a premise which is contrary to the finding of the courts below, the Question is academic and does not present a substantial question for review.

CONCLUSION

The petition for a writ of certiorari with respect to the claim against Biber should be denied.

Respectfully submitted,

MAX MEHLER,
Attorney for Respondent
Irving Biber.

Dated April 11, 1955.